

**ASSOCIATION FOR EARLY CHILDHOOD
EDUCATORS (SINGAPORE)**

**Unique Entity No: S90SS0018D
(Incorporated in Singapore)**

**ANNUAL REPORT
2021**

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STATEMENT BY EXECUTIVE COMMITTEE

For the financial year ended 31 December 2021

We, the undersigned, being the Executive Committee Members of the Association For Early Childhood Educators (Singapore) ("AECES"), state that in our opinion, the financial statements of Association For Early Childhood Educators (Singapore) ("AECES") set out on pages 5 to 25 are properly drawn up in accordance with the provision of the Societies Act and Financial Reporting Standards in Singapore so as to present fairly, in all material respects, the state of affairs of AECES as at 31 December 2021 and of the financial performance, changes in accumulated funds and cash flows of AECES for the financial year ended on that date.

On behalf of the Executive Committee



Toh Lu See
Honorary Treasurer



Lee Chiew Lin, Crissen
Honorary Secretary

22.03.2022

INDEPENDENT AUDITORS' REPORT**TO THE MEMBERS OF ASSOCIATION FOR EARLY CHILDHOOD EDUCATORS (SINGAPORE)****Report on the Audit of the Financial Statements***Opinion*

We have audited the financial statements of Association For Early Childhood Educators (Singapore) ("AECEs"), which comprise the statement of financial position as at 31 December 2021, and the statement of comprehensive income, statement of changes in funds and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

In our opinion, the Association's financial statements are properly drawn up in accordance with the provisions of the Societies Act, Chapter 311 (the Act) and Financial Reporting Standards in Singapore (FRSs) so as to present fairly, in all material respects, the state of affairs of the Association as at 31 December 2021 and the results, changes in equity and cash flows of the Association for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the *Audit of the Financial Statements* section of our report. We are independent of the Association in accordance with the Accounting and Corporate Regulatory Authority ("ACRA") *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The Executive Committee is responsible for the other information. The other information comprises the Statement by Executive Committee as set out on page 1.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Executive Committee and Those Charged with Governance for the Financial Statements

Executive Committee is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and FRSs, and for such internal control as Executive Committee determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Executive Committee is responsible for assessing the Association's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Executive Committee either intends to liquidate the Association or to cease operations, or has no realistic alternative but to do so.

The Executive Committee's responsibilities include overseeing the Association's financial reporting process.



INDEPENDENT AUDITORS' REPORT**TO THE MEMBERS OF ASSOCIATION FOR EARLY CHILDHOOD EDUCATORS (SINGAPORE)****Report on the Audit of the Financial Statements (Cont'd)***Auditors' Responsibilities for the Audit of the Financial Statements*

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Association's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Executive Committee.
- Conclude on the appropriateness of Executive Committee's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Association's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Association to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Other Legal and Regulatory Requirements

In our opinion, the accounting and other records required by the Societies Regulations enacted under the Act to be kept by the Association have been properly kept in accordance with those Regulations.



Public Accountants and Chartered Accountants
Singapore 22 March 2022



STATEMENT OF FINANCIAL POSITION

As at 31 December 2021

	Note	2021 S\$	2020 S\$
ASSETS			
Non-current assets			
Plant and equipment	3	115,361	73,029
Current assets			
Trade and other receivables	4	595,516	509,672
Cash and cash equivalents	5	1,636,501	1,473,708
		2,232,017	1,983,380
Total Assets		2,347,378	2,056,409
EQUITY AND LIABILITIES			
Accumulated funds			
		1,747,829	1,695,906
Other funds			
		138,859	103,409
		1,886,688	1,799,315
Non-current liability			
Lease liabilities	6	28,538	5,056
Deferred taxation	7	10,765	10,765
		39,303	15,821
Current liabilities			
Trade and other payables	8	359,929	190,333
Lease liabilities	6	56,871	50,168
Provision for taxation	9	4,587	772
		421,387	241,273
Total Equity and Liabilities		2,347,378	2,056,409

See accompanying notes to the financial statements.

STATEMENT OF COMPREHENSIVE INCOME

For the financial year ended 31 December 2021

	Note	2021 S\$	2020 S\$
Income			
Course fees, projects, seminar and education trip	10	1,693,225	977,730
Government grants	11	120,863	107,343
Other income		4,519	7,915
		<u>1,818,607</u>	<u>1,092,988</u>
Less: Direct expenses			
Course fees, projects, seminar and education trip	12	1,280,753	663,286
Newsletter		15,235	16,985
		<u>1,295,988</u>	<u>680,271</u>
		<u>522,619</u>	<u>412,717</u>
Less: Administrative expenses			
Audit fee		2,800	2,800
Bank charges		286	309
Postage and courier		340	145
Printing & stationery		2,838	2,000
Salary, allowance and other related expenses		273,556	225,683
CPF contribution		24,848	27,906
Taxation fee		600	600
Telephone		8,181	7,003
		<u>313,449</u>	<u>266,446</u>
Less: Other operating expenses			
Website revamping/advertising		445	280
Depreciation of plant and equipment	3	64,176	94,027
Entertainment and refreshment		212	87
Insurance		648	648
Miscellaneous expenses		2,645	908
Medical fee		1,952	1,909
Short term lease expenses		9,636	9,636
Repairs & maintenance		7,892	7,012
Signboard, notice board and TOL fee		2,141	2,101
Subscriptions		60	-
Transportation & travelling		3,324	3,413
Utilities		4,453	4,266
		<u>97,584</u>	<u>124,287</u>
Less: Financial expenses			
Interest expenses	14	14,621	4,691
		<u>14,621</u>	<u>4,691</u>
Surplus before income tax		96,965	17,293
Income tax	13	-	-
Net surplus for the year/			
Total comprehensive income for the year		<u>96,965</u>	<u>17,293</u>

See accompanying notes to the financial statements.

STATEMENT OF CHANGES IN FUNDS

For the financial year ended 31 December 2021

	Accumulated funds S\$	Other funds S\$	Total S\$
Balance as at 1 January 2020	1,678,613	136,515	1,815,128
Total comprehensive income for the year	17,293	-	17,293
Grants utilised	-	(81,443)	(81,443)
Grants received	-	48,337	48,337
Balance as at 31 December 2020	1,695,906	103,409	1,799,315
Total comprehensive income for the year	96,965	-	96,965
Transfer from accumulated fund	(45,042)	45,042	-
Net comprehensive income	51,923	45,042	96,965
Grants utilised	-	(14,972)	(14,972)
Grants received	-	5,380	5,380
Balance as at 31 December 2021	1,747,829	138,859	1,886,688

See accompanying notes to the financial statements.

STATEMENT OF CASH FLOWS
For the financial year ended 31 December 2021

	Note	2021 S\$	2020 S\$
Cash flows from operating activities			
Surplus before income tax		96,965	17,293
Adjustments for :			
Depreciation	3	64,176	94,027
Rental rebate		(2,000)	-
Interest expense	14	14,621	4,691
Operating cash flow before working capital change		173,762	116,011
Receivables		(85,844)	(93,600)
Payables		169,596	1,526
Cash generated from operating activities		257,514	23,937
Income tax paid	9	3,815	(4,882)
Net cash generated from operating activities		261,329	19,055
 Cash flows from investing activities			
Purchase of plant and equipment	3	(27,544)	(7,056)
Net cash used in investing activities		(27,544)	(7,056)
 Cash flows from financing activities			
Proceeds received for funds		5,380	48,337
Funds utilised		(14,972)	(81,443)
Interest expense		(14,621)	(4,691)
Lease liabilities		(46,779)	(62,509)
Net cash used in financing activities	14	(70,992)	(100,306)
 Net change in cash and cash equivalents		162,793	(88,307)
Cash and cash equivalents at beginning of financial year		1,473,708	1,562,015
Cash and cash equivalents at end of financial year	5	1,636,501	1,473,708

See accompanying notes to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

1. CORPORATE INFORMATION

Association for Early Childhood Educators (Singapore) ("AECEs"/"Association") is a society registered under the Societies Act, (Cap 311) on 27 April 1990. Its Unique Entity Number is S90SS0018D. It is domiciled in Singapore.

The Association's registered address is located at 18 Hougang Avenue 3 #01-159 Singapore 530018.

The principal activities of the Association are those of educational, cultural and recreation activities for the professional development of early childhood educators and the total development of the young child.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation

The financial statements of the Association have been prepared in accordance with Financial Reporting Standards in Singapore ("FRSs").

The financial statements have been prepared on a historical cost basis, except as disclosed in the accounting policies below, and are presented in Singapore Dollars (S\$).

The accounting policies adopted are consistent with those of the previous financial year except in the current financial year, the Association has adopted all the new and revised standards which are relevant to the Association and are effective for annual financial periods beginning on or after 1 January 2021 and had no material effect on the amounts reported for the current or prior financial years.

(b) Critical accounting judgements and key sources of estimation uncertainty

The preparation of financial statements in conformity with FRS requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenditure during the financial year. Although these estimates are based on the management's best knowledge of current events and actions, actual results may ultimately differ from those estimates.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods, if the revision affects both current and future periods.

The Association makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(b) Critical accounting judgements and key sources of estimation uncertainty (Cont'd)

Expected credit losses (ECL) on fee receivables

ECLs are unbiased probability-weighted estimates of credit losses which are determined by evaluating a range of possible outcomes and taking into account past events, current conditions and assessment of future economic conditions.

The Association has used relevant historical information and loss experience to determine the probability of default of the instruments and incorporated forward looking information, including significant changes in external market indicators which involved significant estimates and judgements.

(c) Plant and equipment and depreciation

Plant and equipment are stated at cost less accumulated depreciation and any impairment losses.

Depreciation is calculated on the straight line method to write off the cost of the plant and equipment over their estimated useful lives as follows:

Books	5 years
Computers	3 years
Furniture & fittings	10 years
Renovation and equipment	5 years
Leased office	4 - 5 years

The residual values and useful lives, if significant, are reassessed annually.

Fully depreciated assets are retained in the books until they are no longer in use and no further charges for depreciation is made in respect of these assets.

An item of plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising from derecognition of the assets is included in the profit or loss in the year the asset is derecognised.

(d) Financial assets

Classification, recognition and measurement

Financial assets are classified as either financial assets at fair value through profit or loss (FVTPL), financial assets at amortised cost, and investments in equity instruments at fair value through other comprehensive income (FVTOCI). Financial assets are recognised on the statement of financial position when, and only when, the Association becomes a party to the contractual provisions of the financial instrument.

The Association does not have investments in equity instruments at fair value through other comprehensive income.

Regular purchases and sales of financial assets are recognised on trade-date - the date on which the Association commits to purchase or sell the asset.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(d) Financial assets (Cont'd)

Financial assets at FVTPL

Financial assets are classified as at FVTPL when a financial asset is mandatorily classified or it is designated as at FVTPL. Financial assets mandatorily classified as at FVTPL include investments in equity instruments which are not designated as at FVTOCI and debt instruments that do not meet the amortised cost criteria or the FVTOCI criteria.

Financial assets at FVTPL are subsequently measured at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividends or interest earned on the financial assets. Fair value is determined in the manner described in Note 15.

Financial assets at amortised cost

Financial assets at amortised costs are initially recognised at fair value plus transaction costs except for trade receivables. Trade receivables are initially recognised at their transaction price if the trade receivables do not contain a significant financing component in accordance with FRS 115.

Financial assets at amortised costs that meet the following conditions are subsequently measured at amortised cost:

- The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, financial assets at amortised cost, including cash and cash equivalents and trade receivables at amortised cost, are measured at amortised cost, which equals the gross carrying amount determined by the effective interest method less any impairment loss. Exchange differences are recognised in profit or loss.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for:

- Purchased or originated credit-impaired financial assets, for which interest income is calculated by applying the credit-adjusted effective interest rate to the amortised cost of the financial asset; and
- Financial assets that have subsequently become credit-impaired, for which interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset.

Cash and cash equivalents comprise cash on hand and bank balances which are subject to an insignificant risk of changes in value. For the purpose of the statement of cash flows, cash and cash equivalents are presented net of bank overdrafts (if any) which are repayable on demand and which form an integral part of the Company's cash management.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(d) Financial assets (Cont'd)

Impairment of financial assets

The Association recognises a loss allowance for expected credit losses on financial assets at amortised cost (including trade receivables).

For trade receivable, the Association applied the simplified approach permitted by the FRS 109, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

Derecognition of financial assets

All regular way purchases or sales of financial assets are derecognised on a trade date basis.

A financial asset is derecognised when the contractual rights to receive cash flows from the asset have expired or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

On derecognition of a financial asset at amortised cost in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

(e) Contract assets and liabilities

Contract assets primarily relate to the Association's rights to consideration for work completed but not billed at the reporting date on construction of development projects. Contract assets are transferred to trade receivables when the rights become unconditional. This usually occurs when the Association invoices the customer.

Contract liabilities primarily relate to:

- Advance consideration received from customers; and
- Progress billings issued in excess of the Association's rights to the consideration.

(f) Impairment of non-financial assets

The carrying amounts of the Association's assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

An impairment loss is recognised in the profit or loss if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows that largely are independent from other assets and groups of assets.

The recoverable amount of an asset or cash-generating unit is the higher of its fair value less costs to sell and its value in use. In assessing the value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash-generating unit.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(f) Impairment of non-financial assets (Cont'd)

Before the Association recognises an impairment loss from assets related to contract costs, any impairment loss on plant and equipment related to the contract applicable under FRS 115 shall be recognised in accordance with applicable standards. Then, impairment loss from the assets related to the contract costs is recognised to the extent that the carrying amount of the assets exceeds the remaining amount of consideration that the Association expects to receive in exchange for related goods or services less the costs which relate directly to providing those goods or services and which have not been recognised as expenses. The assets related to the contract costs are then included in the carrying amount of the cash-generating unit to which they belong for the purpose of evaluating impairment of that cash-generating unit.

Impairment losses recognised in prior years are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation, if no impairment loss has been recognised. Reversal of impairment loss is recorded in profit or loss. After such a reversal, the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

(g) Financial liabilities

Financial liabilities include trade payables, other amounts payable and interest-bearing loans. Financial liabilities are recognised on the statement of financial position when, and only when, the Association becomes a party to the contractual provisions of the financial instrument. Financial liabilities are initially recognised at fair value of consideration received less directly attributable transaction costs and subsequently measured at amortised cost using the effective interest rate method.

Gains and losses are recognised in the profit or loss when the liabilities are derecognised as well as through the amortisation process. The liabilities are derecognised when the obligation under the liability is discharged or cancelled or expired.

(h) Provisions

Provisions are recognised when the Association has a present obligation (legal or constructive) where, as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Where the effect of time value of money is material, the amount of the provision is the present value of the expenditure expected to be required to settle the obligation.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(i) Lease liabilities

When the Association is the lessee:

At the inception of the contract, the Association assesses if the contract contains a lease. A contract contains a lease if the contract convey the right to control the use of an identified asset for a period of time in exchange for consideration. Reassessment is only required when the terms and conditions of the contract are changed.

- Right-of-use assets

The Association recognised a right-of-use asset and lease liability at the date which the underlying asset is available for use. Right-of-use assets are measured at cost which comprises the initial measurement of lease liabilities adjusted for any lease payments made at or before the commencement date and lease incentive received. Any initial direct costs that would not have been incurred if the lease had not been obtained are added to the carrying amount of the right-of-use assets.

These right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of lease term.

Right-of-use assets are presented within "Plant and equipment".

- Lease liabilities

The initial measurement of lease liability is measured at the present value of the lease payments discounted using the implicit rate in the lease, if the rate can be readily determined. If that rate cannot be readily determined, the Association shall use its incremental borrowing rate.

Lease payments include the following:

- Fixed payment (including in-substance fixed payments), less any lease incentives receivables
- Variable lease payment that are based on an index or rate, initially measured using the index or rate as at the commencement date;
- Amount expected to be payable under residual value guarantees
- The exercise price of a purchase option if is reasonably certain to exercise the option; and
- Payment of penalties for terminating the lease, if the lease term reflects the Association exercising that option.

For contract that contain both lease and non-lease components, the Association allocates the consideration to each lease component on the basis of the relative stand-alone price of the lease and non-lease component. The Association has elected to not separate lease and non-lease component for property leases and account these as one single lease component.

Lease liability is measured at amortised cost using the effective interest method.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(i) Lease liabilities (Cont'd)

When the Association is the lessee: (Cont'd)

- Lease liabilities (Cont'd)

Lease liability shall be remeasured when:

- There is a change in future lease payments arising from changes in an index or rate;
- There is a change in the Association's assessment of whether it will exercise an extension option; or
- There are modification in the scope or the consideration of the lease that was not part of the original term.

Lease liability is remeasured with a corresponding adjustment to the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use assets has been reduced to zero.

The Association has applied the amendments to FRS 116 Leases: Covid-19-Related Rent Concessions. The Association applies the practical expedient allowing it not to assess whether a rental concession related to COVID-19 is a lease modification. The Association applies the practical expedient consistently to contracts with similar characteristics and in similar circumstances. For rent concessions in leases in which the Association chooses not to apply the practical expedient, or that do not qualify for the practical expedient, the Association assesses whether there is a lease modification.

(j) Contingent liabilities and assets

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Association. It can also be a present obligation arising from past events that is not recognised because it is not probable that outflow of economic resources will be required or the amount of obligation cannot be measured reliably. A contingent liability is not recognised but is disclosed in the notes to the financial statements. When a change in the probability of an outflow occurs so that outflow is probable, they will then be recognised as a provision.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Association. Contingent assets are not recognised but are disclosed in the notes to the financial statements when an inflow of economic benefit is probable. When inflow is virtually certain, an asset is recognised.

(k) Revenue recognition

Income from the membership fees, organisation of courses, projects, and education trips is recognised over time.

Income from conduction of workshops and school visits is recognised upon service rendered, at a point in time.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(l) Government grants

Cash grants received from the government are recognised as income upon receipt.

Other government grants related to assets are initially recognised as deferred income at fair value when there is reasonable assurance that they will be received and the Association will comply with the conditions associated with the grant. These grants are then recognised in profit or loss as 'other income' on a systematic basis over the useful life of the asset. Grants that compensate the Association for expense incurred are recognised in profit or loss as 'other income' on a systematic basis in the periods in which the expenses are recognised, unless the conditions for receiving the grant are met after the related expenses have been recognised. In this case, the grant is recognised when it becomes receivable.

(m) Employee benefits

Pension obligations

As required by law, the Association makes contributions to the state pension scheme, the Central Provident Fund (CPF) Scheme which is a defined contribution pension scheme. Contributions to CPF are recognised as expense in the period in which the related service is performed.

Employee leave entitlement

Employee entitlements to annual leave are recognised when they accrue to employees. The estimated liability for leave is recognised for services rendered by employees up to the reporting date.

(n) Income tax

Income tax for the financial year comprises current and deferred tax. Income tax is recognised in the profit or loss except to the extent that it relates to items recognised directly to equity, in which case, it is recognised in equity.

Current income tax for current and prior periods is recognised at the amount expected to be paid to or recovered from the taxation authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. Executive Committee periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions, where appropriate, on the basis of amounts expected to be paid to the tax authorities.

Deferred tax is recognised, using the liability method, providing for all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax is not recognised for the initial recognition of assets or liabilities that affect neither accounting nor taxable profit.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the tax rates and tax laws that have been enacted or substantively enacted by the balance reporting date.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(n) Income tax (Cont'd)

A deferred tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(o) Functional currency

Items included in the financial statements are measured using the currency that best reflects the economic substance of the underlying events and circumstances relevant to the Association ("the functional currency"). The financial statements are presented in Singapore dollars, which is the Association's functional currency.

(p) Foreign currency transactions

Transactions in foreign currencies are translated into the functional currency using the exchange rate in effect at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated into the functional currency at the rates ruling at that date. All exchange differences are taken to the profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

3. PLANT AND EQUIPMENT

	Books S\$	Computers S\$	Furniture & fittings S\$	Renovation & equipment S\$	Leased office S\$	Total S\$
Cost						
As at 01.01.2020	42,382	83,547	28,426	225,674	172,731	552,760
Additions	476	6,580	-	-	-	7,056
As at 31.12.2020	42,858	90,127	28,426	225,674	172,731	559,816
Additions	-	27,544	-	-	-	27,544
Lease modification (Note 14)	-	-	-	-	78,964	78,964
As at 31.12.2021	42,858	117,671	28,426	225,674	251,695	666,324
Less:						
Accumulated Depreciation						
As at 01.01.2020	42,148	77,011	23,080	192,811	57,710	392,760
Charge for the year	236	3,063	1,861	26,447	62,420	94,027
As at 31.12.2020	42,384	80,074	24,941	219,258	120,130	486,787
Charge for the year	132	9,107	1,861	6,174	46,902	64,176
As at 31.12.2021	42,516	89,181	26,802	225,432	167,032	550,963
Net Book Value						
As at 31.12.2021	342	28,490	1,624	242	84,663	115,361
As at 31.12.2020	474	10,053	3,485	6,416	52,601	73,029

Cash payment of S\$27,544 (2020: S\$7,056) were made to purchase plant and equipment.

The Association leases office space for the purpose of its operations. Net carrying amount as at year end and total depreciation charge for the year of the right-of-use are S\$84,663 (2020: S\$52,601) and S\$46,902 (2020: S\$62,420) respectively.

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2021

4. TRADE AND OTHER RECEIVABLES

	2021 S\$	2020 S\$
Fees receivable	576,281	488,121
Contract assets	6,018	7,394
Deposits	13,217	14,157
	595,516	509,672

The Association's most significant customer accounts for S\$463,057 (2020: S\$354,765) of the fee receivables carrying amount at 31 December 2020.

The aging of fee receivables at the reporting date is:

	2021 S\$	2020 S\$
Not past due	574,798	485,267
Past due:		
Less than 30 days	112	127
31 – 60 days	748	70
More than 60 days	623	2,657
	576,281	488,121

Fees receivable are non-interest bearing and generally on cash term. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

Contract assets relate primarily to the Association's right to consideration for services completed but not billed as the reporting date in respect of its service fees charged.

The contract assets are transferred to trade receivables when the rights become unconditional. This usually occurs when the Association invoices the customers.

Fee receivable and contract assets as at 1 January 2020 amount to S\$365,865 and S\$36,160 respectively.

5. CASH AND CASH EQUIVALENTS

	2021 S\$	2020 S\$
Cash in bank	1,065,109	902,316
Cash on hand	500	500
Fixed deposits	570,892	570,892
	1,636,501	1,473,708

During the year, interest from fixed deposit was earned between 0% to 0.45% (2020: 0.05% to 1.6%) per annum for tenure of 2 to 8 months (2020: 2 to 8 months) from reporting date. A portion of the Association's fixed deposit amounting to S\$70,892 (2020: S\$70,892) was pledged to a government agent as security for performance guarantee.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

6. LEASE LIABILITIES

	2021 S\$	2020 S\$
Non-current	28,538	5,056
Current	56,871	50,168
	<u>85,409</u>	<u>55,224</u>

The Association has a lease contract that includes extension options. These options are negotiated by Executive Committee to provide flexibility in managing the leased-asset portfolio and align with the Association's business needs. Executive Committee exercises significant judgement in determining whether these extension options are reasonably certain to be exercised.

Total cash outflows for all the leases was S\$68,627 (2020: S\$76,836).

7. DEFERRED TAXATION

	2021 S\$	2020 S\$
The deferred taxation relates to the following :		
Deferred tax liability		
Plant and equipment	<u>10,765</u>	<u>10,765</u>

8. TRADE AND OTHER PAYABLES

	2021 S\$	2020 S\$
Accruals	277,075	146,811
GST payable	82,854	43,522
	<u>359,929</u>	<u>190,333</u>

Trade payables are non-interest bearing and generally on cash term. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

9. PROVISION FOR TAXATION

	2021 S\$	2020 S\$
Balance at beginning of year	772	5,654
Tax refunded/(paid)	3,815	(4,882)
Overprovision of prior years	(3,815)	-
Current year provision	3,815	-
Balance at end of year	<u>4,587</u>	<u>772</u>

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

10. REVENUE

Disaggregation of revenue from contracts with customer:

	2021	2020
	S\$	S\$
Membership fee	6,689	5,675
Training	30,010	44,555
Projects	1,380,206	727,890
Educational trips	276,320	199,610
	1,693,225	977,730
Timing of transfer of good or service		
At a point in time	36,610	44,555
Over time	1,656,615	933,175
	1,693,225	977,730

11. GOVERNMENT GRANTS

Included in government grants comprised of S\$20,661 (2020: S\$95,835) was recognised during the financial year under the Jobs Support Scheme (the "JSS"). The JSS is a temporary scheme introduced in the Singapore Budget 2020 to help enterprises retain local employees. Under the JSS, employers will receive cash grants in relation to the gross monthly wages of eligible employees.

12. COURSE FEES, PROJECTS, SEMINARS AND EDUCATION TRIPS

Included in course fees, projects, seminars and education trips are staff cost and CPF contribution of S\$774,972 (2020: S\$171,686) and S\$133,089 (2020: S\$26,966) respectively.

13. INCOME TAX

	2021	2020
	S\$	S\$
Based on the operating results for the year		
Current year	3,815	-
Overprovision of prior years	(3,815)	-
	-	-

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

13. INCOME TAX (CONT'D)

A reconciliation of the income tax determined on the results of the Association by applying the lower of the effective tax using the marginal tax rates set out in Part B of Schedule 2 of the Singapore Statutory Income Tax Act to the income tax expense is as follows:

	2021 S\$	2020 S\$
Surplus before income tax	96,965	17,293
Tax calculated at statutory tax rate of 17%	16,484	2,940
Tax effect on taxable income	(2,495)	(13,983)
Deferred tax (liabilities)/assets not recognised	(7,331)	11,043
Singapore statutory stepped income exemption	(3,753)	-
Overprovision of prior years	(3,815)	-
Rounding	910	-
	-	-

14. NET CASH USED IN FINANCING ACTIVITIES

Reconciliation of movements to cash flows arising from financing activities:

	Lease liabilities S\$	Other funds S\$	Total S\$
As at 1 January 2020	117,733	136,515	254,248
Proceeds received for funds	-	48,337	48,337
Funds utilised	-	(81,443)	(81,443)
Interest paid	(4,691)	-	(4,691)
Payment of principal portion of lease liabilities	(62,509)	-	(62,509)
Net changes from financing activities	(67,200)	(33,106)	(100,306)
Interest expenses	4,691	-	4,691
As at 31 December 2020	55,224	103,409	158,633
Proceeds received for funds	-	5,380	5,380
Funds utilised	-	(14,972)	(14,972)
Interest paid	(14,621)	-	(14,621)
Payment of principal portion of lease liabilities	(46,779)	-	(46,779)
Net changes from financing activities	(61,400)	(9,592)	(70,992)
Interest expenses	14,621	-	14,621
Rental rebate	(2,000)	-	(2,000)
Lease modification (Note 3)	78,964	-	78,964
Total comprehensive income for the year	-	45,042	45,042
As at 31 December 2021	85,409	138,859	224,268

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

15. FINANCIAL RISK MANAGEMENT POLICIES

The main risks arising from the Association's financial statements are credit risk and liquidity risk. The Association reviews and agrees policies for managing each of these risks and they are summarised below:

Liquidity risk

To manage liquidity risk, the Association monitors its net operating cash flows and maintains an adequate level of cash and cash equivalents and secured committed funding facilities from financial institutions. In accessing the adequacy of these facilities, Executive Committee will review its working capital requirements.

The Association has no derivative financial liabilities. All non-derivative financial liabilities are due within 12 months.

The maturity analysis of the Association's financial liabilities is as follows:

	Less than 1 year S\$	Between 1 to 2 years S\$
At 31 December 2021		
Trade and other payables	359,929	-
Lease liabilities	<u>60,000</u>	<u>29,000</u>
At 31 December 2020		
Trade and other payables	190,333	-
Lease liabilities	<u>51,600</u>	<u>5,100</u>

Credit risk

The Association's fees receivables are mainly receivables from government agencies and National Trade Union Congress, accounts for 98% (2020: 97%) of the Association's total takings. Accordingly, the Association's exposure to credit risk is minimal. Cash is placed with established financial institutions. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statement of financial position.

In calculating the ECL, the Association considers historical loss rates for its customers, adjusts to reflect current and forward-looking macroeconomic factors affecting the ability of the customers to settle the receivables, and accordingly adjusts the historical loss rates based on expected changes in these factors. Executive Committee considered, among other factors (including forward-looking information), the Association's historical loss pattern over the last three financial years, its ability to recover past due debts, the existence of deposits as well as the relatively low value of transactions and the manner in which these are settled, usually advance payment collected from customers. Based on the above, Executive Committee concluded that the ECL rate for trade receivables and unbilled revenue is close to zero. The loss allowance provision for trade receivables and unbilled revenue was assessed as not material.

In determining the ECL, Executive Committee has taken into account the financial position of the related parties, adjusted for factors that are specific to the related parties and general economic conditions of the industry in which the related parties operate, in estimating the probability of default of the amount due from related parties as well as the loss upon default. Executive Committee determines the amount due from related parties are subject to immaterial credit loss.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

15. FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

Credit risk (Cont'd)

Bank balances are placed with reputable financial institutions which are regulated and have good credit standing.

Interest rate risk

The Association has no significant exposure to fluctuations in interest rates which relate to its debts obligations with its financial institution.

Foreign currency risk

The Association has no significant exposure to foreign exchange risk as its cash flows and financial assets and liabilities are mainly denominated in Singapore dollars.

Fair values

The carrying values of financial assets and liabilities recorded in the financial statements approximate their respective fair values, determined in accordance with the accounting policies disclosed in Note 2 to the financial statements.

16. CAPITAL MANAGEMENT

The Association's objectives when managing capital are to safeguard the Association's ability to continue as a going concern in order to provide returns for members and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

There were no changes in the Association's approach to capital management from the previous financial year.

17. FRS NOT YET ADOPTED

The Association has not adopted the following standards and interpretations that have been issued but not yet effective:

Description	Effective for annual period beginning on or after
Amendments to FRS 110 and FRS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined
Amendments to FRS 103: Reference to the Conceptual Framework	1 January 2022
Amendments to FRS 16: Property, Plant and Equipment – Proceeds before Intended Use	1 January 2022
Amendments to FRS 37: Onerous Contracts – Costs of Fulfilling a Contract	1 January 2022
Various: Annual Improvements to FRSs 2018 - 2020	1 January 2022
Amendments to FRS 1: Classification of Liabilities as Current or Non-current	1 January 2023
Various: Amendments to FRS 1 and FRS Practice Statement 2: Disclosure of Accounting Policies	1 January 2023
Amendments to FRS 8: Definition of Accounting Estimates	1 January 2023
Amendments to FRS 12: Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

17. FRS NOT YET ADOPTED (CONT'D)

The Executive Committee does not anticipate that the adoption of the above FRS in future periods will have a material impact on the financial statements of the Association in the period of their initial adoption.

18. AUTHORISATION OF FINANCIAL STATEMENTS

These financial statements were authorised for issue in accordance with a resolution of the executive committee on date of the Statement by Executive Committee.